

AIPLA

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

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STATEMENT OF

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On Behalf of the

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

Before the

**SUBCOMMITTEE ON COURTS, THE INTERNET AND
INTELLECTUAL PROPERTY
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES**

on the

**TRADEMARK DILUTION REVISION ACT OF 2005
(H.R. 683)**

February 17, 2005

Mr. Chairman:

I am pleased to have the opportunity to present the views of the American Intellectual Property Law Association (AIPLA) on the proposals to amend the federal trademark dilution act,¹ and specifically the bill entitled the “Trademark Dilution Revision Act of 2005” (H.R.683).

AIPLA is a national bar association of more than 16,000 members engaged in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trademark, and copyright law, as well as other fields of law affecting intellectual property.

SUMMARY

Sec. 2(1) of H.R. 683 would replace current Lanham Act Section 43(c) with a substantially revised version. The AIPLA agrees that Section 43(c) is in need of amendment and strongly supports H.R. 683, with two primary exceptions: first, the proposed restriction in Section 43(c)(1) to limit relief only to situations where a person uses the diluting mark “as a designation of source of the person’s goods or services” is both unnecessary and inappropriate, and should be omitted; and second, the definition and factors for determining “dilution by blurring” in Section 43(c)(2)(B) should be modified to properly focus on impairment of consumers’ association between the famous mark and a single source, as opposed to the mark’s “distinctiveness.” We also suggest amending the defenses section, Section 43(c)(3), to more clearly accommodate First Amendment concerns.

¹ See Lanham Act Section 43(c), 15 U.S.C. § 1125(c) (“FTDA”).

BACKGROUND

AIPLA has long taken a leading role in efforts to improve this country's intellectual property laws, including the law of trademarks. Indeed, this is the third time in the past few years that AIPLA has testified or submitted comments to this Subcommittee urging changes to the federal trademark dilution statute. On February 14, 2002, we testified in support of a proposal to modify the dilution statute to provide for a "likelihood of dilution" standard. (*See* AIPLA testimony, *Oversight Hearing on the Federal Trademark Dilution Act*, February 14, 2002). Last year, on April 20, 2004, AIPLA submitted a letter to the Subcommittee addressing various aspects of the Committee Print made available for that hearing.

KEY IMPROVEMENTS EMBODIED IN H.R. 683

In our view, Mr. Chairman, H.R. 683 would make a number of key improvements to the dilution statute that we strongly endorse. First and foremost, as discussed above, it would amend the statute to provide relief where the trademark owner can show a "likelihood of dilution" of its famous mark, thus relieving trademark owners of the unreasonable burden – in most cases virtually impossible to satisfy – of proving "actual dilution" as required by the Supreme Court's interpretation of the current statute in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003). Second, it would clarify that famous marks lacking *inherent* distinctiveness but that have *acquired* distinctiveness through use (e.g., descriptive marks such as NEW YORK STOCK EXCHANGE) are potentially protectable against dilution, thus overruling an unfortunate line of decisions from the Second Circuit holding that such marks are categorically ineligible for dilution protection under the FTDA.² Third, it would clarify that dilution by *tarnishment* is actionable under the statute, removing the doubt created on this issue by certain *dicta* in the Supreme Court's

² *See, e.g., New York Stock Exch., Inc. v. New York, New York Hotel, LLC*, 293 F.3d 550, 556-57 (2d Cir. 2002).

Moseley decision.³ Finally, it would define the term “famous” in such a manner that only marks that are “widely recognized by the general consuming public” would be eligible for protection, thus overruling decisions that have accorded dilution protection to marks known only in a “niche” market.

PROPOSED AMENDMENTS TO HR. 683

1. The “Designation of Source” Requirement Should Be Removed

As stated in our April 20, 2004 letter, AIPLA opposes any amendment to Section 43(c)(1) to add the limitation, “as a designation of source of the person’s goods or services.” We believe this limitation is severely overbroad, removing from the statute’s ambit several types of uses that traditionally have been subject to dilution relief. Moreover, we believe it is unnecessary. As we understand it, the proposed “designation of source” limitation was intended to prevent any descriptive or nominative fair use of a mark from being actionable, and also to respond to concerns that extending dilution protection to other, non-trademark uses would raise First Amendment issues. However, descriptive fair use and nominative fair use have never been actionable under the FTDA. *See, e.g., ETW Corp. v. Jireh Publishing, Inc.*, 332 F.3d 915, 923 n.7 (6th Cir. 2003) (“purely descriptive” use of “Tiger Woods” mark on envelope and in narrative text for art print was fair use). Furthermore, fair use defenses and First Amendment issues would be more appropriately addressed in the defenses section of the bill, Section 43(c)(3). Although AIPLA does not believe that the courts previously have had any difficulty applying such defenses in dilution actions, we believe that an amendment to the defenses section (such as that suggested in 3 below) could adequately address any concerns other interested parties may have in ensuring that the FTDA is not misapplied. Likewise, courts have had no difficulty in reconciling the existing statute with protection of First Amendment rights, and AIPLA does not believe that a

³ 537 U.S. at 432.

severe limitation on dilution protection such as that proposed is needed to enable them to continue doing so in appropriate situations.

If the "designation of source" limitation remains in the bill and becomes law, three important misuses of a famous mark would no longer be actionable: (1) domain name uses that do not fall under the Anti-Cybersquatting Consumer Protection Act; (2) tarnishing uses that are not “designation[s] of source for the [user’s] goods or services”; and (3) generic misuses.

(a) *Domain Names*

The Anti-Cybersquatting Consumer Protection Act (“ACPA”), Lanham Act Section 43(d), created a cause of action against anyone who, with a bad faith intent to profit from the mark, registers, traffics in, or uses a domain name that is identical or confusingly similar to a distinctive mark, or is identical or confusingly similar to or dilutive of a famous mark. *See, e.g., Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489 (2d Cir. 2000). While that Act has proven to be a potent weapon against cybersquatters, there remain a substantial number of domain name cases where there is no bad faith or it cannot be proven, but there is still likelihood of confusion or dilution which warrants relief. *See, e.g., PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243 (6th Cir. 2003) (confusion likely due to defendant’s incorporation of plaintiff’s trademarks into domain names for defendant’s websites which provided truck locator services); *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 227-232 (4th Cir. 2002) (concluding that a plaintiff in an *in rem* action under the ACPA “may, in appropriate circumstances, pursue infringement and dilution claims as well as bad faith registration claims,” and remanding for consideration of the non-bad faith domain names). As Professor McCarthy explains in his treatise, *Trademarks and Unfair Competition* § 25:76 (4th ed. 2004):

The federal anti-dilution act can be violated by dilution of a famous mark by either blurring or tarnishment. If a domain name is used for a web site that advertises the sale of goods or services and the

domain name tarnishes a famous mark, it can be in violation of the federal anti-dilution act. Such was the case with the domain name “candyland.com” for a website showing sexually explicit pictures [*Hasbro, Inc. v. Internet Entertainment Group Ltd.*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996) (tarnishing CANDYLAND for children’s game)], the domain name “barbiesplaypen.com” for an adult entertainment website [*Mattel, Inc. v. Internet Dimensions, Inc.*, 55 U.S.P.Q. 2d 1620 (S.D.N.Y. 2000) (tarnishing image of Mattel’s BARBIE products)], and the domain name “adultsrus.com” used on a site advertising the sale of adult sexual products [*Toys “R” Us v. Akkaoui*, 40 U.S.P.Q. 2d 1836 (N.D. Cal. 1996) (tarnishing Toys “R” Us for children’s toys)]. Similarly, if a domain name is used for a commercial web site and the domain name causes “blurring”, a junior user can be enjoined for using the infringing domain name. [*TeleTech Customer Care Mgmt. (Cal.), Inc. v. Tele-Tech Co.*, 977 F.Supp. 1407 (C.D. Cal. 1997) (“teletech.com” for telecommunications engineering and installation services site blurred plaintiff’s TELETECH mark for customer care information services)].

See also Savin Corp. v. Savin Group, 2004 U.S. App. LEXIS 25479 at *26 (2d Cir. 2004) (remanded for consideration of the facts under the actual dilution standard as set forth in *Moseley*; “[w]here the senior and junior ‘Savin’ marks both are used in website addresses, the marks may be identical”, which may satisfy that standard); *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002 (9th Cir. 2004) (although defendant’s registration and use of nissan.com, based on his Nissan Computer Corp. company name, was not in bad faith, lower court held that it diluted plaintiff’s rights under FTDA in its NISSAN mark for automobiles); *Harrods Ltd. v. Sixty Internet Domain Names, supra* (plaintiff owned rights in “Harrods” for department store services in the U.K. and defendant owned the rights in Argentina; defendant was held liable under the ACPA for bad faith registrations of numerous “Harrods”-derivative domain names, but case remanded for consideration of six such non-bad faith “Argentina” domain names under infringement and dilution law); *TCPIP Holding Co. v. Haar Communs., Inc.*, 2004 U.S. Dist. LEXIS 13543 (S.D.N.Y. 2004) (summary judgment granted; “[p]laintiff has demonstrated that its mark is

famous and that Defendant's domain name dilutes its mark by lessening its capacity to identify and distinguish Plaintiff's goods and services").

While in some domain name cases the ACPA will also apply, in others the bad faith element may be absent. The requirement that the use be "as a designation of source for the person's goods or services" would eliminate FTDA relief for *all* diluting domain names; omitting this limiting language would permit the long-standing coverage of domain names under the FTDA to continue.

(b) *Tarnishing Uses*

In addition to precluding courts from granting FTDA relief in domain name tarnishment cases where bad faith is absent, the proposed "designation of source" limitation would have the same preclusive effect on other tarnishment cases where a defendant's commercial use is not as a designation of source for its goods or services. This would eliminate an entire body of law in which courts have been granting relief for many years.

As explained by the Second Circuit, "The sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use." *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497 (2d Cir. 1996) (trademark SPAM not tarnished by character name "Spa'am" in a Muppets movie). Uses that are noncommercial or First Amendment-protected commentary or criticism will not create tarnishment liability. *See, e.g. TMI, Inc. v. Maxwell*, 368 F.3d 433, 434, 440 (5th Cir. 2004) (holding that "noncommercial gripe site" criticizing trademark owner did not violate FTDA or Texas dilution statute); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32-33 (1st Cir. 1987) (two page parody entitled "L.L. Bean's Back-to-School Sex Catalog" within adult entertainment magazine constituted "an editorial or artistic, rather than a commercial, use of plaintiff's mark" and created no dilution liability). However, where a commercial use crosses the line and causes likely damage to plaintiff's mark,

courts have granted dilution relief. *Compare Anheuser-Busch, Inc. v. Balducci Pub'ns*, 28 F.3d 769, 778 (8th Cir. 1994) (fake advertisement on back cover of defendant's humor magazine advertising fictitious "Michelob Oily" product and suggesting plaintiff's product was contaminated with oil violated state dilution law; such use of plaintiff's mark "was not even remotely necessary to [defendant's] goals of commenting on the Gasconade oil spill and water pollution generally," and the placement on the back cover might cause viewers to "fail to appreciate [the ad's] editorial purpose"); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Inc.*, 604 F.2d 2000 (2d Cir. 1979) (preliminarily enjoining under dilution law the distribution of adult movie featuring porn star wearing a simulation of uniform worn by Dallas Cowboys cheerleaders); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F.Supp. 1183, 1189 n.7 (E.D.N.Y. 1972) (enjoining sale of "Enjoy Cocaine" posters simulating plaintiff's "Enjoy Coca-Cola" logo).

In *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39 (2d Cir. 1994), a competitor of Deere in a TV ad promoting its product was found to have deliberately sought to damage consumer associations with Deere's famous "Deere Logo." It animated the logo and showed it as a tiny fleeing deer being terrorized by a little dog and the defendant's Yardman lawn tractor. In granting dilution relief, the Second Circuit observed that "some alterations have the potential to so lessen the selling power of a distinctive mark that they are appropriately proscribed by a dilution statute. Dilution of this sort is more likely to be found when the alterations are made by a competitor with both an incentive to diminish the favorable attributes of the mark and an ample opportunity to promote its products in ways that make no significant alteration." *Id.* at 45. It noted in particular that MTD was still free to run comparative advertisements. "MTD remains free to deliver its message of alleged product superiority without altering and thereby diluting Deere's trademarks." *Id.* If the proposed limitation were accepted, it would eliminate the ability under the FTDA to stop

this type of unfair competitive activity, and it would be open season for competitors to inflict commercial damage on well-known marks.

(c) *Generic Misuses*

The third type of use for which the proposed “designation of source” limitation would eliminate relief is generic misuse. A valuable trademark can become an unprotectable public domain generic term if the trademark owner fails to take action to prevent it. Exceptional commercial success can lead to the trademark being used to refer to a type of product rather than a brand. Examples where rights were lost include aspirin (even though it’s still a brand in, e.g., Canada and Europe), cellophane, dry ice, escalator, linoleum, photostat, spandex, tarmac, yo-yo, and zipper.

The burden is on the trademark owner to prevent this from happening, and the means of doing so range from emphasizing brand significance and using educational advertising to stopping those who make commercial generic misuse. As explained in *Illinois High School Ass’n v. GTE Vantage, Inc.*, 99 F.3d 244, 246 (7th Cir. 1996), “[a] serious trademark owner is assiduous in endeavoring to convince [misusers] to avoid using his trademark to denote anything other than the trademarked good or service.” As occurred in *E.I. DuPont de Nemours & Co. v. Yoshida Int’l, Inc.*, 393 F.Supp. 502, 507 (E.D.N.Y. 1975), those efforts typically include “extensive surveillance by [the owner’s] legal and advertising departments,” with misuses promptly responded to. Where the commercial use is sufficiently damaging, legal action may prove necessary. See, e.g., *Selchow & Righter Co. v. McGraw Hill Book Co.*, 580 F.2d 25, 27 (2d Cir. 1978), where the court granted a preliminary injunction “at least in part” because defendant’s book entitled THE COMPLETE SCRABBLE DICTIONARY might render generic plaintiff’s mark SCRABBLE for a word game.

There can be no doubt that generic misuse diminishes the distinctiveness and impairs the association of a famous mark with a single source. Again, noncommercial misuses are not actionable under the FTDA, but uses in a commercial context should be. *Restatement (Third) of Unfair Competition* § 25, comment i. Many owners of famous trademarks have to fight this battle on a daily basis. Examples of such trademarks include Band-Aid, Chapstick, Coke, Dumpster, Formica, Frisbee, Google, Jacuzzi, Jeep, Jello, Kleenex, Lego, Plexiglas, Popsicle, Q-Tips, Rollerblade, Speedo, Styrofoam, Tabasco, Teflon, Tivo, Tylenol, Vaseline, Windex, Xerox, Zamboni, and many others. Misuses of such marks obviously are not made to designate the source of defendant's product. The proposed "designation of source" limitation therefore deprives trademark owners of the best and often the only legal remedy they have against such commercial misuses.

(d) *Other Problems*

The "designation of source" proposal creates other problems as well. It would in essence shift the burden on fair use to the plaintiff. Traditionally, the *defendant* asserting a fair use defense has the burden to prove that it is not using the challenged term as a mark (*see* Lanham Act Section 33(b)(4)), but this proposal would appear to require the *plaintiff* in a dilution case to prove that defendant is using a term as a mark. Moreover, unlike "trade name" or "mark," the phrase "designation of source" is nowhere defined in the bill. The inclusion of such an undefined term will only lead to further confusion in the statute's application.

Finally, it would create an illogical anomaly between trademark *infringement* law and trademark *dilution* law. There is no analogous "designation of source" requirement for establishing trademark infringement under the Lanham Act. *See, e.g.,* Sections 32(1) and 43(a). Just as a non-trademark use can create a likelihood of *confusion* (and thus constitute trademark

infringement), it can likewise create a likelihood of *dilution*. Either way, the trademark owner is damaged and should be provided relief.

2. The Definition and Factors for “Dilution by Blurring” Should Be Modified

To put into proper context AIPLA’s concerns regarding the definition and factors for determining “dilution by blurring” contained in H.R. 683, it is important to first review the historical underpinnings of the doctrine and understand what dilution by blurring is really all about.

The genesis of the dilution doctrine in this country is commonly traced back to an article by Professor Frank I. Schechter entitled, “*The Rational Basis for Trademark Protection*,” 40 Harv. L. Rev. 813 (1927). Professor Schechter observed that the selling power of a mark depends largely on its “uniqueness and singularity,”⁴ and therefore “the preservation of the uniqueness or individuality of the trademark is of paramount importance to its owner.”⁵ Marks that are “actually unique and different from other marks”⁶ should be given a broader degree of protection, Professor Schechter argued, because they would “gradually but surely lose [their] effectiveness” if others were to use such marks in connection with different classes of goods or services.⁷ He concluded that “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”⁸

Professor Schechter offered several examples of marks appropriate for this type of protection, including ROLLS-ROYCE, AUNT JEMIMA’S, KODAK, and RITZ-CARLTON.⁹ Similarly, the legislative history of the FTDA provides the following classic examples of diluting

⁴ 40 Harv. L. Rev. at 831.

⁵ *Id.* at 822.

⁶ *Id.* at 831.

⁷ *Id.* at 830.

⁸ *Id.* at 831.

⁹ *Id.*

marks: DUPONT shoes, BUICK aspirin, and KODAK pianos.¹⁰ Other examples cited in the case law include SCHLITZ varnish, BULOVA gowns, TYLENOL snowboards, NETSCAPE sex shops, and HARRY POTTER dry cleaners.¹¹ These examples well illustrate the types of marks appropriate for protection against dilution by blurring--they are all not only famous but also substantially *unique*. The vast majority of the consuming public no doubt associates each of these marks with one source and only one source. It follows, then, that permitting others to use such marks in connection with other products or services would blur the association in the public mind between the famous mark and its original source. This is the essence of dilution by blurring.

Section 43(c)(2)(B) in H.R. 683 defines “dilution by blurring” as “association arising from the similarity between a designation of source and a famous mark that impairs the distinctiveness of the famous mark.” The primary problem with this definition is its use of the term “*distinctiveness*.” “Distinctiveness” is a well-established term of art in trademark law,¹² denoting the *minimal* source-identifying capability necessary for protection of a mark. By definition, *all* protectable marks are “distinctive,” either through “inherent distinctiveness” or “acquired distinctiveness.”¹³ This creates a confusing ambiguity in the statute: does “distinctiveness” as used in the definition of dilution by blurring mean this traditional distinctiveness, or does it mean something else?

If “distinctiveness” is intended to have its traditional trademark term of art meaning, then “impairment of distinctiveness” is a very poor definition for dilution by blurring. First, since all protectable marks have the minimal required level of distinctiveness, the definition gives courts virtually no guidance on which marks qualify for protection and which do not, and when they are

¹⁰ H.R. Rep. No. 104-374 at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

¹¹ *See, e.g., Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002); *Eli Lilly & Co. v. Natural Answers, Inc.*, 230 F.3d 456, 466 n.4 (7th Cir. 2000); *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621 (2d Cir. 1983).

¹² *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999).

¹³ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).

diluted. Second, “distinctiveness” is simply the wrong term to use in this context, because diluting uses do not impair distinctiveness in the traditional sense. For example, the mark KODAK is a coined term and thus possesses the maximum degree of inherent distinctiveness on the traditional distinctiveness scale.¹⁴ If someone were to use KODAK for pianos, the original KODAK mark would be no less coined, even though it would clearly be diluted. Similarly, the mark NEW YORK STOCK EXCHANGE is descriptive but has acquired a tremendous amount of distinctiveness through long use and renown. If someone were to use NEW YORK STOCK EXCHANGE in connection with a casino, the mark would be no less well known for stock exchange services. What is impaired by these uses is the famous mark’s uniqueness, not distinctiveness.

Use of the term “distinctiveness” in the definition is not only technically incorrect, it can lead to improper results. While essentially all famous marks are distinctive, they are not all unique. Consider as an example the famous computer mark APPLE. That mark is arbitrary in relation to computers, and thus ranks very high on the distinctiveness scale. However, it is not unique. There are also APPLE records, APPLE banks, APPLE leasing services, and many other businesses named APPLE. Therefore, permitting someone to open a new APPLE dry cleaners would not likely dilute the computer manufacturer’s mark. But if a court were to try to apply the “impairment of distinctiveness” definition in H.R. 683 literally, it might be led to the opposite result due to the APPLE mark’s high degree of inherent distinctiveness.

Unfortunately, use of this term of art in dilution statutes is not a new problem. It is a vestige of history that has been plaguing dilution law for decades. The early state dilution statutes,

¹⁴ Trademark law has traditionally categorized marks on a spectrum of distinctiveness that ranges from most distinctive to least distinctive as follows: (1) coined, fanciful, or arbitrary; (2) suggestive; (3) descriptive; and (4) generic. *See, e.g., Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). Marks in the first two categories are considered inherently distinctive, while descriptive marks must acquire distinctiveness before being protected.

which were typically modeled after the 1964 Model State Trademark Bill, spoke in terms of “dilution of the *distinctive* quality” of a mark. Use of this same phrase was then carried forward into the current version of the FTDA enacted in 1995, Lanham Act Section 43(c)(1). This language has long befuddled courts and created significant concerns about the dilution doctrine in general. *See, e.g., Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 455 (4th Cir. 1999) (acknowledging “the sheer difficulty that courts have had in getting a firm handle on the basic concept of ‘dilution’ as cryptically expressed in the typical state statute in an elaborated reference to ‘dilution of the distinctive quality of a mark’”); *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1498 (10th Cir. 1987) (“It has been widely observed that many courts have been hostile to state antidilution statutes.”) As noted in the *Restatement (Third) of Unfair Competition*:

At first the courts applied the statutes reluctantly, if at all. . . . Some courts, and numerous commentators expressed fear that the uncertain limits of action would unduly expand the ability of trademark owners to monopolize language and inhibit free speech.¹⁵

The struggle to properly understand and apply dilution statutes continues today. In a recent article, Professor McCarthy (perhaps the leading commentator in the trademark field) stated, “No part of trademark law that I have encountered in my forty years of teaching and practicing IP law has created as much doctrinal puzzlement and judicial incomprehension as the concept of ‘dilution’ as a form of intrusion on a trademark. It is a daunting pedagogical challenge to explain even the basic theoretical concept of dilution to students, attorneys, and judges.” J. Thomas McCarthy, “Proving a Trademark Has Been Diluted: Theories or Facts?,” 41 *Houston L. Rev.* 713, 726 (2004).

¹⁵ *Restatement (Third) of Unfair Competition* § 25 cmt. b (1995).

Rather than remedy the long standing confusion stemming from use of the term “distinctive quality” in the dilution statutes to date, H.R. 683, if anything, exacerbates the problem, changing the term to merely “distinctiveness.” AIPLA submits that it is time to remove the trademark term of art “distinctive(ness)” from the statutory definition and provide courts with much needed guidance on determining “dilution by blurring.”¹⁶

AIPLA’s original proposal to accomplish this goal was to define “dilution by blurring” as “impairment of the public’s association of a famous and substantially unique mark exclusively with a single source.” We believe this definition embodied two key improvements over the current language: (1) it made clear that only “substantially unique” marks are eligible for protection; and (2) it defined the harm in terms of impairment of *association* between the famous mark and a single source, rather than the mark’s “distinctiveness.”

Earlier this year, AIPLA hosted a meeting with other interested intellectual property law associations to discuss the differences among us on this and other aspects of the bill. In these discussions, concerns were raised as to whether courts would understand and properly apply the term “substantially unique.”¹⁷ Although AIPLA does not share those concerns, we suggested the following definition and factors as one possible way of bridging our differences:

(B) For purposes of paragraph (1), ‘dilution by blurring’ means impairment of the association between the famous mark and a single source. In determining whether use of a mark or trade name

¹⁶ *Accord*, David J. Kera and Theodore H. Davis, Jr., “The Fifty Fifth Year of Administration of the Lanham Act of 1946,” 93 Trademark Rep. 197, 202 (1993). Describing the “Distinctiveness Conundrum,” the authors state that “different terminology should be used to separate the type of ‘distinctiveness’ needed to acquire trademark protection from . . . the type of ‘distinctiveness’ needed to obtain protection under dilution law. The term ‘distinctiveness’ should be reserved to describe only the threshold over which a symbol must pass to gain trademark protection The terms ‘singularity’ and ‘uniqueness’ should be employed to describe the threshold over which a mark must pass to be entitled to protection under dilution law”

¹⁷ AIPLA’s proposal defined “substantially unique mark” as “a mark associated substantially exclusively with a single source. The extent of third party use may be considered in determining whether the mark is associated substantially exclusively with a single source; de minimis use of the mark will not preclude protection with regard to dilution by blurring.”

is likely to cause dilution by blurring, the court may consider all relevant factors, including but not limited to the following:

- (i) The strength of the association between the famous mark and a single source.
- (ii) The degree of recognition of the famous mark.
- (iii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iv) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (v) The degree of similarity between the mark or trade name and the famous mark.
- (vi) Whether the user of the mark or trade name intended to impair the association between the famous mark and a single source.
- (vii) Any actual impairment of the association between the famous mark and a single source.

We believe this suggestion also properly focuses courts on the impairment of consumers' association between the famous mark and a single source (as opposed to the mark's "distinctiveness"), and provides a list of appropriate factors relevant to determine the likelihood of dilution by blurring.¹⁸

3. Defenses

We believe that the First Amendment concerns that were expressed in the hearing before this Subcommittee last year arising in the context of use of a famous mark in connection with legitimate commentary, criticism, parody, etc., can be fully addressed either by amending the defense set forth in Section 43(c)(3)(A) in H.R. 683 as follows:

Fair use of a famous mark by another person, including for purposes of comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
(New language underlined.)

¹⁸ Over the years, courts around the country have struggled to develop lists of factors to determine dilution. These judicial lists often conflict and include factors more relevant to infringement analysis (likelihood of confusion) than the separate harm of dilution. Compare, e.g., *Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d 1164, 1183 (TTAB 2001); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir. 2000); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217-21 (2d Cir. 1999); *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (J. Sweet, concurring). A uniform list of statutory factors would therefore be helpful.

or by adding a new defense to Section 43(c)(3) as follows:

Use of a famous mark to comment on, criticize, or parody the owner of the famous mark or the goods or services in connection with which the famous mark is used.

CONCLUSION

We, again, commend you, Mr. Chairman, for your continuing leadership in striving to improve our intellectual property system. The AIPLA looks forward to working with you, the other Members of the Subcommittee, and your able staff to support you in any way we can.